

Message Text

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ACTION EUR-12

INFO OCT-01 NEA-10 ISO-00 AID-05 CEA-01 CIAE-00
COME-00 EB-07 FRB-03 INR-07 NSAE-00 EPG-02 SP-02
STR-04 TRSE-00 LAB-04 SIL-01 OMB-01 USIA-06
NSC-05 SS-15 /086 W
-----052256Z 022531 /15

P R 051642Z MAY 77

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC PRIORITY 3718

INFO ALL EC CAPITALS

USMISSION OECD PARIS

AMEMBASSY BEIRUT UNN

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E.O. 11652: N/A

TAGS: EEC, LE, EAID

SUBJECT: EC FOREIGN MINISTERS COUNCIL , MAY 3, 1977: SIGNATURE
OF EC/LEBANON COOPERATION AGREEMENT

REFS: (A) EC BRUSSELS 1580; (B) BEIRUT 2049; (C) LONDON 7023

1. THE EC/LEBANON COOPERATION AGREEMENT, AND THE
ACCOMPANYING FINANCIAL PROTOCOL, WERE SIGNED IN BRUSSELS
MAY 3 BY UK FOREIGN SECRETARY DAVID OWEN (THE EC COUNCIL
PRESIDENT), EC COMMISSIONER CLAUDE CHEYSSON, AND LEBANESE
FOREIGN MINISTER FOUAD BOUTROS, IN A FORMAL CEREMONY
CONDUCTED ON THE FRINGES OF THE EC FOREIGN MINISTERS
COUNCIL.

2. THE AGREEMENT, WHICH PROVIDES FOR ECONOMIC, TECHNICAL,
FINANCIAL, AND TRADE COOPERATION, HAS AN UNLIMITED PERIOD
OF VALIDITY BUT CONTAINS A GENERAL REVIEW CLAUSE
SPECIFYING AN INITIAL REVIEW IN 1979. DETAILS ON THE
AGREEMENT WERE OUTLINED IN REFTEL A.

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3. ALSO SIGNED MAY 3 WERE A FINANCIAL PROTOCOL AND
AN INTERIM AGREEMENT PERMITTING ADVANCE IMPLEMENTATION
OF THE TRADE PROVISIONS OF THE COOPERATION AGREEMENT,
PENDING ITS RATIFICATION. THE FINANCIAL PROTOCOL
WILL MAKE AVAILABLE TO LEBANON A TOTAL OF 30 MILLION
UNITS OF ACCOUNT (MUA; ONE UA EQUALS APPROXIMATELY

\$1.12), OF WHICH 20 MUA WILL BE IN THE FORM OF EUROPEAN INVESTMENT BANK (EIB) LOANS , 8MUA IN THE FORM OF GRANTS, AND 2 MUA IN THE FORM OF LOANS ON SPECIAL TERMS THESE AMOUNTS ARE TO BE USED FOR FINANCING PRODUCTION AND ECONOMIC INFRASTRUCTURE CAPITAL PROJECTS AND TECHNICAL COOPERATION CAPITAL PROJECTS.

4. AS EXPECTED (REFTEL B), BOUTROS REQUESTED, IN HIS FORMAL REMARKS, THAT THE EC PROVIDE AN ADDITIONAL LINE OF EIB CREDIT IN THE ORDER OF 100 MUA FOR WAR- RELATED RECONSTRUCTION AND DEVELOPMENT PROJECTS. HE CALLED, AS WELL, FOR THE ESTABLISHMENT OF A PERMANENT EC MISSION IN BEIRUT TO HELP IN THE RECONSTRUCTION EFFORT. OWEN, IN HIS EARLIER REMARKS, MADE NO MENTION OF ADDITIONAL AID, BUT INDICATED THAT THE EC WAS PREPARED TO START EXAMINING PROJECTS SUBMITTED BY THE GOL SO THAT AID CAN BE COMMITTED QUICKLY AFTER ENTRY INTO FORCE OF THE FINANCIAL PROTOCOL, ON THE UNDERSTANDING THAT PAYMENTS WILL ONLY BE MADE " AS AND WHEN THE PROJECTS ARE CARRIED OUT." HE NOTED THAT NO AGREEMENT CAN BE FULLY ADEQUATE TO COPE WITH ALL OF LEBANON'S PROBLEMS AND THAT INDIVIDUAL EC MEMBER STATES HAVE PROVIDED BILATERAL AID TO HELP WITH LEBANON'S IMMEDIATE NEEDS.

5. OWEN CONCLUDED WITH THE FOLLOWING STATEMENT OF SUPPORT FOR THE GOL: " THE MEMBER STATESMF THE EUROPEAN COMMUNITY HAVE LONG ENJOYED STRONG POLITICAL AND ECONOMIC LIMITED OFFICIAL USE

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TIES WITH LEBANON. WE HAVE ADMIRERD THE EXAMPLE WHICH YOUR COUNTRY PROVIDED OF ENERGY, DEMOCRACY AND CO-EXISTENCE. WE LOOK FORWARD TO THE DAY WHEN THOSE TRADITIONAL VIRTUES WIN THROUGH AND REASSERT THEMSELVES THROUGH A STABLE PEACE. THE NINE, WHO ARE COMMITTED TO THE UNITY, INTEGRITY AND INDEPENDENCE OF LEBANON, HAVE WELCOMED THE EFFORTS OF THE LEBANESE GOVERNMENT LED BY PRESIDENT SARKIS TO RESTORE TO THE COUNTRY ITS FORMER STRENGTH AND STABILITY. IT IS OUR HOPE AND BELIEF THAT THESE COURAGEOUS EFFORTS ARE NOW BEGINNING TO BRING PEACE AND STABILITY. I WOULD THEREFORE LIKE TO TAKE THIS OPPORTUNITY TO ASSURE PRESIDENT SARKIS AND HIS GOVERNMENT THAT THEY HAVE THE WHOLEHEARTED SUPPORT OF THE NINE IN THEIR GREAT ENDEAVOR TO HELP THE LEBANON TO RETURN TO POLITICAL AND ECONOMIC NORMALITY, AND THUS TO CONTINUE TO PLAY ITS CUSTOMARY CONSTRUCTIVE AND MODERATING ROLE IN THE MIDDLE EAST."

6. TEXTS OF REMARKS BY OWEN, BOUTROS, AND CHEYSSON BEING POUCHED DEPARTMENT (EUR/RPE AND NEA/ARN) AND

BEIRUT. MISSION IS SENDING BY AIRGRAM COPIES OF THE
COOPERATION AGREEMENT.

7. COMMENT: COMMISSION AND PERMDEL OFFICIALS SAY THAT
IT IS HIGHLY UNUSUAL AT SUCH SIGNING CEREMONY FOR A
VISITING FOREIGN MINISTER TO ASK PUBLICLY FOR ADDITIONAL
AID. THESE OFFICIALS ARE NOT HOPEFUL THAT THE EC WILL
AGREE TO PROVIDE ADDITIONAL EIB LOANS TO LEBANON BECAUSE
OF MEMBER STATE BUDGETARY STRINGENCIES AND ALREADY LARGE
EIB COMMITMENTS TO THIRD COUNTRIES. THESE OFFICIALS BELIEVE
THAT, INSTEAD, MEMBER STATES INDIVIDUALLY MIGHT PARTICIPATE
IN LEBANON'S RECONSTRUCTION. NO FINAL EC DECISION, HOWEVER
HAS BEEN REACHED ON THIS REQUEST. COMMISSION OFFICIALS
CURRENTLY ARE CONSIDERING A RECOMMENDATION TO THE COUNCIL,
WHICH WILL PROBABLY TAKE SEVERAL WEEKS TO PREPARE.
END COMMENT.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC COOPERATION, FINANCIAL AGREEMENTS, BANK LOANS
Control Number: n/a
Copy: SINGLE
Sent Date: 05-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977ECBRU04564
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770158-0584
Format: TEL
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770591/aaaadant.tel
Line Count: 139
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: a181179a-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 EC BRUSSELS 1580, 77 BEIRUT 2049, 77 LONDON 7023
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2634174
Secure: OPEN
Status: NATIVE
Subject: EC FOREIGN MINISTERS COUNCIL , MAY 3, 1977: SIGNATURE OF EC/LEBANON COOPERATION AGREEMENT
TAGS: EAID, LE, EEC
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/a181179a-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009